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Wayne Heddy

# U.S. ENERGY CORP.

877 NORTH 8th WEST

PHONE (307) 856-9271

RIVERTON, WYOMING 82501

August 13, 1993

Department of Natural Resources  
Division of Oil, Gas and Mining  
3 Triad Center, Suite 350  
Salt Lake City, UT 84180-1203

Attn: Lowell P. Braxton,  
Associate Director, Mining

Re: Plateau Resources Limited (Plateau)  
Shootaring Canyon Uranium Mill Permit

Dear Mr. Braxton:

This will confirm our telephone conference of August 11, 1993 concerning the acquisition by U.S. Energy Corp. of all of the outstanding capital stock of Plateau from Consumers Power Company. The transaction was completed earlier that day. The completion of the Stock Purchase Agreement was conditioned on the approval of the Nuclear Regulatory Commission and it was received the morning of August 11, 1993. I am enclosing a copy of the news release we made on the transaction.

We want you to know that we appreciated the expeditious response of August 3, 1993 you made on behalf of the Utah Division of Oil, Gas and Mining advising that the change of ownership action will not require a formal change in the permit. If you should need any of the closing documents, please let me know.

I hope that we are able to consult with you from time to time to assure that we will be in full compliance with all regulations promulgated by your Division.

With kind regards, I am

Very truly yours,

U.S. ENERGY CORP.

DANIEL P. SVILAR,  
General Counsel

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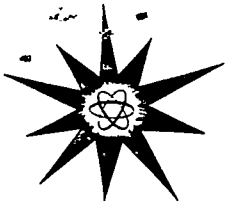
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DIVISION OF  
OIL, GAS & MINING



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**FOR IMMEDIATE RELEASE**

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**AUG 17 1993**

**U.S. ENERGY CORP. ANNOUNCES  
ACQUISITION OF  
PLATEAU RESOURCES LIMITED**

**DIVISION OF  
OIL, GAS & MINING**

RIVERTON, WY, August 11, 1993 -- U.S. Energy Corp. (NASDAQ/NMS:USEG) announced today that it has acquired from Consumers Power Company of Jackson, MI all of the outstanding shares of Plateau Resources Limited, a Utah corporation, which is the owner and operator of the Shootaring Canyon Uranium Milling Facility located in south-eastern Utah (approximately 13 miles north of the Bullfrog Basin Marina on Lake Powell). The Mill was designed to process 750 tons per day of uranium ore and was operated on a trial basis for two months during the summer of 1982. Plateau suspended operations in 1984 because of the depressed market for uranium concentrates. Plateau's subsidiary, Canyon Homesteads, Inc., in a joint venture, developed the Ticaboo townsite near the Mill to house Plateau's mine and mill workers. The townsite has paved streets, sidewalks and a school with facilities for kindergarten through the twelfth grade. Canyon Homesteads owns a 66 room motel together with 98 single family homesites, 151 mobile home sites, 26 recreational vehicle sites, a restaurant, bar and grocery store.

John L. Larsen, President of U.S. Energy Corp. and now President of Plateau Resources Limited, said, "Plateau will initiate a study to resume operations of the Shootaring Canyon Mill in anticipation of higher uranium prices which we believe will occur within the next three years. The Shootaring Mill is a modern facility that Consumers Power has maintained in excellent condition. There were once more than 40 uranium mills operating in the United States and upon completion of the acquisition of Plateau Resources, U.S. Energy and its joint venture partners will own two of the four remaining mills in the U. S.. We believe this will provide us with a significant competitive advantage when uranium prices recover in response to declining uranium inventories." Mr. Larsen concluded, "the motel and certain other facilities at Ticaboo would be re-opened and operated as commercial enterprises."

U.S. Energy Corp. is a diversified minerals exploration and development company with primary interests in major uranium resources in south-central Wyoming. The Company and its subsidiary, Crested Corp., also share a 90% interest in a gold prospect in California, hold royalty and other interests in a world-class molybdenum deposit in Colorado and in other base and precious metals properties.

**\*\*\* END OF RELEASE \*\*\***